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The Agricultural Situation

GENERAL

Demand

All of us must make decisions on the basis of expected economic conditions during the coming year. But what are the expected economic conditions? Business forecasters are making a wide variety of predictions, ranging from depression at one extreme to slight inflation at the other.

These predictions appear to be like the descriptions of the elephant by the blind men. Each man described the elephant on the basis of the particular part of the beast's anatomy he happened to touch. None of the men was able to have the perspective necessary for seeing the elephant as a total object. Perhaps the forecasters, like the blind men, are seeing the total economy on the basis of particular economic indicators, rather than as a whole.

Nevertheless, individual economic indicators must be used as a basis for forming expectations. Therefore the indicators chosen for such use must be carefully selected, and be sufficiently inclusive to point out the changes that probably will occur in our total economy. Four general indicators have been selected for consideration here. They are: Governmental spending; business investment; monetary policy; and the rather vague but nevertheless important one most easily described as "the general psychology."

Governmental Spending.—Federal, State, and local governments were spending at the annual rate of 83.5 billion dollars during the third quarter of 1953. Of this total, 52 billion was spent in national security programs with the bulk going to the Defense Department. It now appears that cuts in direct defense expenditures will be very small, or none at all. Some easing in expenditures for other security programs may take place, but spending by state and local governments is expected to increase enough to offset the decreases at the federal level. Consequently, no significant changes are expected in total governmental spending; and therefore no additional pressure, either up or down, is likely to be exerted on prices or demand by this factor.

Business Investment.—Business investment includes construction activity, outlays for new plant and equipment, inventory changes, and farm investment.

In the **construction** market, commercial construction may remain approximately at current levels. Fast tax write-off and the need for modernization and improvement will continue to stimulate this type of construction. Residential construction also will remain strong but may be down from present levels.

Business plans call for a decline in outlays for **new plant and equipment** in 1954. However, the reported declines are about the same as the reported declines which were to have occurred (but did not) in 1953.

It would appear then that 1954 expenditures may be at about the same rate as now.

Changes in **inventories** during the last few months have not been encouraging. Inventories have been increasing in all parts of the distribution channels and in August, 1953 totaled 78.8 billion dollars. Apparently, a large share of the increase in 1953 productive capacity has gone into inventories. This should give rise to an attitude of caution for two reasons. First, productive capacity will increase further in 1954, and this larger production is not likely to be added to inventories. Automobiles and home appliances are notable examples. Second, inventories might be reduced from present levels, even with no increase in production. Inventory changes bring about severe if but temporary changes in prices, production, and personal income by hitting the primary industries very hard. Inventories are close to their upper limits.

Farm investment during 1954 may be down slightly. Although the average farmer in the United States is in good financial position, his net income probably will be down a little. Lower net farm income will allow less farm investment unless more than the usual number of farm people go into industrial employment.

As an aggregate, then, **business investment during 1954 probably will decline** from the new highs established this year. The declines will not be uniform in all segments of the economy. As a total **the declines are not expected to be large, but they do indicate that lower business investment could contribute to a downward adjustment in the period ahead.**

Monetary policy.—Monetary policy includes changes in the government debt, quantity of money, and interest rates. In spite of the hopes of the present administration, the budget is expected to show a deficit during the 1954 calendar year. Scheduled tax reductions with no comparable cuts in spending will almost assure the deficit. This means that the debt will increase and that the quantity of money therefore will also increase, along with some easing of interest rates. (The Federal Reserve has been actively buying in the bond market and interest rates are already lower than at midyear.) **The deficit probably will not be large enough to renew the process of inflation; in fact, it may only be large enough to offset the influence of increased population and increased productivity. Nevertheless the deficit should lend some stability to the general price level.**

"General Psychology".—The fourth indicator is the rather nebulous "general psychology" of the people. This indicator is not mentioned because of its predictability, but because of its unpredictability—and that apparently is important at the present time. General pessimism and optimism appear to ebb and flow with no regularity, except that one follows the other. It is seldom a unanimous feeling. Indeed, there is some question as to whether pessimistic talk can **start** a depression, but most people will agree that pessimism in action will **intensify** a depression. The early 1930's proved that. The current talk indicates

cautious action, if not a considerable degree of pessimism, in the segments of the economy which are undergoing adjustments.

The pattern of consumer sales during the last quarter of 1953, and especially during the Christmas buying season, should provide some indication of the general buying attitudes of the people. With almost stable prices during the past year, consumers should feel that this is a good time to buy provided their incomes hold up. If they do buy heavily, then the supply lines will keep moving and a minimum of adjustments will be required to eliminate the trouble spots in our economy.

In Summary.—These four economic indicators point to a fair degree of stability in the total economy, provided the status quo is maintained in the international situation. Employment and personal incomes are at very high levels and should remain high. Downward adjustments in prices and production may occur in some segments during 1954. However, it is adjustment—not depression conditions—which is indicated.

In this period of adjustment, the confidence of consumers and businessmen must be maintained. If the adjustments appear to be getting out of hand, then prompt governmental action and leadership will be required to maintain prosperity.

Price

Agricultural prices, both paid and received, are expected to hold fairly stable at present levels during the year ahead. The present price support on basic commodities should limit any general tendency for further price declines, even though production is large.

On November 15, 1953 the index of prices received by United States farmers was 249 percent of the 1910-14 average.* This was down one point from October. Seasonally lower prices of cotton, hogs, and eggs more than offset the seasonally higher prices of wheat, milk, and commercial vegetables to cause this decline.

At the same time, prices paid by farmers increased, with the increase being especially sharp for feeder livestock. The index of prices paid by farmers went up one point from October to November, reaching 277 percent of the 1910-14 average on November 15, 1953.

As a consequence of lower prices received and higher prices paid, the parity ratio declined one point to 90. This is the lowest ratio recorded since May, 1944.**

Prices received by Oklahoma farmers followed the national trend, with a one point decline from October to 249 percent of the 1910-14 average in November. In the crop groups, the prices of grains and miscellaneous crops increased seasonally, while cotton and cottonseed

* *Agricultural Prices*, A.M.S., U.S.D.A., November 1953, p. 1.
** *Ibid.*, p. 1.

decreased seasonally. In the livestock groups, the prices of meat animals and dairy products were higher while chicken and egg prices were lower.

The net decrease in prices received by Oklahoma farmers, together with higher prices paid, caused the index of purchasing power of Oklahoma commodities to go down to 88. This is 2 points under the national average but is about the same as the ratio in June of this year when grains were at their seasonal lows.

Income

Farmers cash receipts from marketings during 1953 are estimated at 31.2 billion dollars, or down 4 percent from a year ago.* Lower prices have more than offset the larger marketings to cause this decline. Gross farm income—which includes cash receipts as well as government payments, value of home-consumed farm products, and rental values) is estimated at 35.1 billion dollars—also down about 4 percent.

This decline would not be quite so important if production expenses also declined by the same amount. However, production expenses are estimated at 22.6 billion dollars, down only 2 percent from a year ago.

Since gross income is down more than production expenses, net income for 1953 will be down. The 1953 realized net farm income is estimated at about 12.5 billion dollars—down 7 percent from the year earlier.

For 1954, prospects are for a further decline in cash receipts from the sale of farm products. Since agricultural prices in general are expected to remain at about present levels, the acreage restrictions and marketing quotas for supported commodities should reduce the volume of marketings (though the reduction will not be as great as acreage cuts would indicate). This would mean that cash receipts would be lower in 1954 than they were in 1953. Gross farm income will follow closely the changes in cash receipts.

The prices of most production items in the farm business are expected to remain fairly stable. However, the farmer can control to a limited extent the production payments by varying the volume of items purchased. It is expected that farmers will try to reduce their production expenses in the light of the probable further decline in gross income.

It is not expected, though, that these cuts in production expenses will be great enough to offset the decline in gross farm income. Thus, the 1954 net farm income should be down a little from the 1953 level of 12.5 billion dollars.

Farm income in Oklahoma should follow the national trends. However, the weather still is a major controlling factor in the level of farm

* *The Farm Income Situation,* A.M.S., U.S.D.A., September-October 1953, p. 2.

income within the State—especially since wheat, cotton, corn and peanuts are price supported. With average weather conditions in the State, the Oklahoma net farm income should decrease from the 1953 levels.—*Leo V. Blakley.*

Crops

COTTON:

The cotton supply in the United States for the 1953-54 marketing season is estimated to be about 21.7 million bales, or 19 percent larger than in 1952-53. This supply is composed of the 1953 crop estimated at 16.0 million bales as of November 1, a carryover on August 1, 1953 of 5.5 million bales, and estimated imports during the season of from 150 to 200 thousand bales.

Domestic mill consumption during 1953-54 is estimated at from 9 to 9.5 million bales, or maybe down slightly from the 9.5 million bales consumed during 1952-53. The export market may strengthen some. At present it is expected that exports during 1953-54 will be about 3.3 million bales compared with 3.0 million bales during the past season.*

The Department of Agriculture reports that "Foreign producing countries in the free world are starting the 1953-54 marketing year with large stocks of cotton. These stocks will probably be sharply reduced by August 1, 1954. However, production of cotton abroad will probably decline more than 0.8 million bales from the level of 13.7 million bales of 1952-53. Foreign free world consumption is expected to be maintained at the high level of about 16.5 million bales."**

If these estimates occur as projected, the United States carryover on August 1, 1954, will be about 8.8 million bales or about 3.3 million bales more than the carryover last summer. The carryover on the same date in 1951 and 1952 was 2.3 and 2.7 million bales respectively. For the five-year period 1948-1952, the average carryover was 4.0 million bales.

About 2.0 million bales of the carryover on August 1, 1953 was held by the Commodity Credit Corporation. By mid-November of this season, the supply of upland cotton, including ginnings prior to November 14 and the carryover, was estimated at about 17.8 million bales. Of that supply, 5.3 million bales were estimated to be in the CCC loan and in pooled stocks. It is expected that CCC holdings will be about 5 million bales by August 1, 1954.†

The total supply of cotton is large enough as defined by law to make minimum marketing quotas of 10 million bales mandatory under present legislation, subject to approval by vote of farmers. Acreage allotments have been set at about 17.9 million acres. Marketing quotas

* *The Cotton Situation*, A.M.S., U.S.D.A., Oct. 26, 1953, p. 4.
** *The Demand and Price Situation*, A.M.S., U.S.D.A., Oct. 26, 1953, p. 40.
† *The Demand and Price Situation*, A.M.S., U.S.D.A., Oct. 26, 1953.

of 10.0 million bales would mean a reduction in production of more than 37 percent from 16.0 million bales produced in 1953.

At the time the marketing quotas and acreage allotments were announced by the Secretary of Agriculture, he stated: "I know the marketing quotas and acreage allotments announced today will mean very severe adjustments, with a heavy impact on the economy of the cotton belt. I am acting in strict accordance with the legislative provisions and have no authority to adjust or change the quota level, or the acreage allotments specified to produce cotton at the quota level."*

In Oklahoma, the adjustments are likely to be more severe and the impact heavier than in most other cotton areas. General weather conditions, including for example the timeliness as well as the adequacy of rainfall, are such that only a certain amount of labor and capital can be economically substituted for land in cotton production. Consequently, this means that economic production methods necessitate the emphasis on that phase of technology and mechanization which recognizes the size of the crop enterprise in terms of the number of acres per unit of operation and on the yield per acre that is economically feasible under the prevailing conditions. It may be that this problem warrants further consideration by members of the cotton industry in Oklahoma. It is timely, since it has been recently reported that: "Many members of Congress have expressed concern over the present situation and probably will press for the revisions to the present act when the Congress returns after the first of the year."**

Throughout most of the 1953-54 marketing year, cotton prices will likely fluctuate near the loan value of the particular quality of cotton unless it becomes apparent that the quantity of cotton placed under the loan and the anticipated acreage for next year's crop indicate a possible future condition of tight supply available on the open free market.—*Raymond B. Marshall.*

WHEAT

The wheat economy is moving into a period of readjustment. Since changes may be made in the price support program in 1954, the outlook over the longer run appears uncertain.

Supplies.—The total wheat supply for the United States this year reached a new record of almost 1.8 billion bushels. This is 2½ times the amount ordinarily used in the nation. Exports will leave 800 million bushels or more on hand next July 1—more than one-fourth greater than the record carry-over of 631 million bushels in 1942.

Production.—The wheat producer is interested in knowing how the production this coming summer will effect total supplies and prices. The national allotment of 62 million acres would, with a yield equal to the 1943-52 average, provide a total production of 950 million bushels.

* *The Cotton Situation*, A.M.S., U.S.D.A., October 26, 1953, p. 6.
** *Ibid.*

This would be in line with expected domestic utilization and exports. There is, however, much feeling that the total production will be considerably higher if growing conditions are no worse than average. Two factors are responsible for this thinking: (1) the best land will be retained in production, and (2) this land will be farmed more intensively—including much additional use of fertilizer. It is entirely possible in Oklahoma, for example, that the alloted wheat acreage of 5,236,000 acres will produce as much wheat as did the indicated acreage of 6,834,000 acres in 1953—69,480,000 bushels. There is, therefore, more of a chance that total wheat supplies will increase than that they will decrease.

Prices.—The effect on price of these large supplies will not be favorable to the producer. However, there will be a minimum support price of $2.20 per bushel at the national level. Also, the International Wheat Agreement provides for an appreciable export market. For 1953-54, however, U. S, wheat sales under the Agreement are only 48.4 million bushels as compared with 118.0 for a similar period last year.

Storage.—Not only will wheat supplies be large, but so also will amounts going into the loan. By December 1 Commodity Credit Corporation had an inventory of wheat acquired under the price support program amounting to more than 426 million bushels—mostly from the 1952 crop. Another 350 million bushels of 1953 wheat were under loan or purchase agreement. To handle wheat as well as other grains, large amounts of storage space are being built throughout the country, principally in the wheat areas. This new construction was influenced by (1) the possibility of full depreciation over five years and (2) a guarantee of utilization by the Commodity Credit Corporation.

In Oklahoma, approximately 18 million bushels of grain storage space will be constructed. Of this, 14 million bushels will be built in Enid and the remainder at various other points in the state. Storage space for next year's crop should be ample, provided that wheat now under the loan is moved before harvest.—*Adlowe L. Larson.*

Feed

The National Outlook

The outlook for the production year ahead is that feed supplies will generally be adequate, although hay shortages continue to be a problem in large areas of the South and Southwest.

The total supply of feed concentrates, including grains and by-product feeds, is estimated at 172 million tons—three million tons more than the 1952-53 supplies. As with hay, however, feed concentrate supply varies by geographic areas. Corn Belt supplies are at a near record because of the large corn crop. Drought in the South and Southwest has left the area supplies of concentrates below average.

However, in spite of the drouth areas, the total national supplies of feed grains and other concentrates are adequate for all of the pros-

pective numbers of grain consuming animal units. Total estimated supplies are 3 percent higher than last year. If the rate of feeding is about the same as the five years preceding 1951, the supplies should meet the 1953-54 requirements of about 125 million tons and the estimated 17 million tons for seed, human food, industrial uses and exports and still leave a carryover of more than 30 million tons.

With the number of grain-consuming animal units expected to be about 3 million fewer than the 170 million last year, this feed grain supply **per animal unit** will be about 1.03 tons compared with 1.00 ton a year ago.

The supply of the four major feed grains—corn, oats, barley, and grain sorghums—is estimated by the U.S.D.A. at 147 million tons, which is 3 percent larger than in 1952-53 and 7 percent larger than the 1946-50 average. The 3,997 million bushel supply of corn is within 1 percent of the record high of the crop year 1949-50. However, the oat supply of about 1,500 million bushels is smaller than last year, and the barley supply of about 313 million bushels is the smallest since 1938 although only slightly less than the past year. The national grain sorghum supply of 121 million bushels is 30 percent larger than the short supply of 1952-53 but is still 25 percent smaller than the 1946-50 average.

The quantity of wheat fed is expected to continue low. Feed grain supplies are large, and wheat prices are expected to be too high to permit much feeding of mill quality wheat.

The total supply of by-product feed is expected to be nearly as large as the large volume of the past two years. However, the high-protein by-products are expected to be about 270 thousand tons less than the 12.8 million ton supply last year. Oilseed and soybean cake and meal will contribute to this reduction, but cottonseed cake and meal and most other high-protein feeds will maintain high level supplies.

The national hay supply for the feed year ahead is estimated at 120 million tons. This is only a little larger than last year but is 5 percent larger than the 1946-1950 average. However, with increases in cattle numbers over the past five years, the hay supply **per animal unit** is about 5 percent below the 1946-50 average of 1.66 tons. This year's estimated 1.06 per animal unit is little larger than last year's 1.59 tons.

The Oklahoma Situation

The state crop reports indicate that range and other feed supplies are short in some western and northwestern counties and in a strip of counties along the eastern edge of Oklahoma. Throughout a large portion of the State, however, feed conditions are much better than last year. Taking the state as a whole, range condition in November was 70 percent, which is considered fair, compared with 53 percent a year earlier and with 79 percent for the 10-year average, 1942-51. Subsoil moisture, however, was still deficient.

The November condition of cattle was listed as 76 percent, which is only 6 points below the 10-year average. The latest reports indicate that

some cattle are thin in the short feed sections, but Oklahoma cattle generally are in satisfactory condition to go into the winter.

The 1953 Oklahoma hay crop was 1,831 thousand tons compared with 1,556 thousand tons in 1952 and 1,715 thousand tons for the ten year average 1941-50.

Among Oklahoma feed grains, the 1953 corn crop of 7,236 thousand bushels is 25 percent below 1952. The rye crop of 630 thousand bushels was almost a third smaller than last year. However, the 1953 crops of oats, barley, and sorghums for grain were all larger than the previous year.—*G. P. Collins.*

Livestock and Livestock Products

BEEF CATTLE*

Large supplies of meat are expected to be available in 1954. As compared with 1953, no appreciable changes in total meat production are expected. Per capita consumption is estimated at 147 pounds in 1954 as compared with 151 for 1953.

Beef consumption per capita is estimated at 73 pounds for 1954, 2 pounds less than the 1953 level. Except for 1953 this is equal to the highest consumption rate in over fifty years.

Continued High Production

The present record inventory of cattle on farms points to a continued high level of beef production during the next several years. Less fed beef will likely be available in 1954 as compared with 1953, since a repetition of the large winter-spring fed beef supply of 1953 is not likely. However, this lower supply of fed beef is expected to be partially offset by a continued large supply of grass beef. Large supplies of beef of middle and lower grades are expected to be marketed in 1954.

Veal production will likely be as large or larger in 1954 than in 1953. A sizeable volume of calf marketings and slaughter will mark the next few years of big cattle production.

Indications are that cattle production and slaughter are now in balance. Net production and slaughter are approximately 3 million head. This is the first time that this balance has been reached in 5 years.

Steady To Lower Prices

Since total beef supplies are not expected to change greatly, prices may average about the same or drop somewhat in 1954 as compared with 1953. However, differences in the prices of grades may occur. A

* Summarized from *The Livestock and Meat Situation*, A.M.S., U.S.D.A., October-November, 1953.

wide spread is expected between the prices of top and intermediate grades of beef and the medium and lower grades. Reduced supplies of fed beef will be a favorable influence toward increasing the prices of fed beef relative to the prices of lower grades. This will also mean that relatively more beef will be marketed in the fall rather than in the spring. As a word of caution, it should be pointed out that if a widespread drought or sharp business recession develops, cattle prices would decline further.—*Robert L. Tontz.*

DAIRY

It appears that milk production in 1954 will be about the same as in 1953. We are entering the year with about 8 billion pounds of milk equivalent in storage; this is about twice the annual average storage amount. Thus more milk will be available in 1954 and storage stocks will likely increase. The amount of increase depends somewhat on the price level in support prices after April 1, 1954, and on the rate of consumption.

Consumer demand for dairy products in the coming year is expected to remain high. It should be about the same as in 1953.

Over the longer run the increase in population of about 2½ million persons per year is one of the brighter spots in the dairy outlook. The increased population during the past few years has just about absorbed the products released from decreased per capita consumption.

Table I shows the changes in per capita utilization of milk from 1929 through 1953, and indicates the high and low years. These shifts are toward consumption of (1) more lower-fat products (2) less butter, and (3) somewhat less fluid cream. These trends illustrate the milk industry's problem of providing the dairy products consumers want, in the form in which they want them.

The industry problem is to place production in balance with needs in the national, regional, and local markets. These adjustments are small compared with this problem during the 1930's. The per capita consumption of milk fats has declined from 32 pounds in 1940 to 27 pounds in 1952, or about 15 percent. During this period, 1940-1952, population increased 19 percent, so the total consumption has increased slightly even though per capita consumption decreased.

The individual farmer's problem is to make those changes which will improve his income, considering the supplies and prices of feed, labor, finances, and facilities available to him. These items vary with individuals; therefore, it is an individual problem. The cost-price squeeze in 1953 has resulted in smaller net returns to dairymen generally as compared with returns a year earlier. Prices received by farmers for milk and cream have dropped 12 percent during the year of 1953. The prices of supplies used in production have remained about the same as a year earlier. Labor is slightly higher.

Table I.—U. S. Per Capita Consumption of Dairy Products and Margarine for Selected Years.

(Pounds)

Year	Total milk[1]	Fluid milk & cream[2]	Condensed & evaporated milk[3]	Dry whole milk	Cheese[4]	Butter[5]	Margarine	Ice cream[6]	Nonfat dry skim milk for human use
1929	800	351.4	13.5	.10	4.6	17.2	2.9	10.0	1.1-lo
1931	826-hi	347.1	13.3-lo	.06-lo	4.4	18.0	1.8	7.8	1.4
1932	820	350.9	13.9	.07	4.3-lo	18.1	1.6-lo	5.8-lo	1.4
1934	803	332.7-lo	14.9	.12	4.8	18.2-hi	2.1	6.6	1.5
1945	777	432.0-hi	18.2	.37	6.6	10.9	4.0	13.1	1.9
1946	775	423.1	18.5	.51-hi	6.7	10.5	3.8	22.5-hi	3.2
1947	758	397.5	20.3-hi	.45	6.9	11.1	5.0	19.4	2.9
1949	724	384.2	19.6	.25	7.2	10.4	5.7	16.5	3.3
1950	731	384.5	20.0	.28	7.7	10.7	6.1	16.1	3.6
1951	707	352.0	18.0	.27	7.2	9.5	6.5	17.1	4.2
1952	694-lo	352.0	17.4	.44	7.5	8.6-lo	7.8	17.6	4.6-hi
1953	694*	352.0*	17.5*	.21*	7.7*hi	8.7*	8.2*hi	16.8*	4.0*

* Calculated.

[1] Milk equivalent of milk and cream and manufactured dairy products, computed on basis of fat content.

[2] Fluid milk equivalent.

[3] The evaporated milk is unskimmed, unsweetened case goods. The condensed is unsweetened (plain condensed) unskimmed bulk goods, and sweetened condensed milk, unskimmed, case and bulk goods.

[4] Includes all kinds of cheese except cottage, pot, and bakers' cheese, and full skim American.

[5] Includes farm and factory-made butter.

[6] Product weight. Production of ice cream prior to 1937 is not strictly comparable with that of following years because of the inclusion of production of small retailers and counter freezers since 1937.

Source: Compiled from issues of *The Dairy Situation*, *The National Food Situation*, and *Agricultural Statistics*, A.M.S., U.S.D.A.

Adjustments in costs of production have been slow in the dairying enterprises. There has been a certain amount of rigidity in the adoption of improved practices. However, during recent years, the introduction of adaptable labor saving devices has been rather successful.

Lower production costs seem necessary if incomes are to be maintained. Studies in Michigan* point out that with "good cows" and "improved production practices" on one-man dairy farms, the labor income of the operator averaged $5,733 compared with a labor income of only $2,533 on farms with "good cows" but with no emphasis on improved practices.—*A. W. Jacob.*

HOGS

The low in hog production in the current cycle apparently was reached with the farrowing of the 1953 fall pig crop. Although the pig crop this fall will be larger than was originally expected, it will be smaller than the crop last fall. Consequently, increased hog production in 1954 will have to come from the 1954 pig crop, which is tentatively estimated to be from 5 to 10 percent larger than the 1953 spring crop.

Thus the 1954 hog slaughter will continue small and should be about the same as this year's slaughter. For the first few months of 1954—perhaps till mid-year—slaughter will be below the slaughter for the comparable period of 1953. However, by next fall hog slaughter should be increasing from current levels.

Since hog prices are expected to move inversely with slaughter, they should continue high during early 1954. They will likely stay up through the summer period when prices are high seasonally. During the fall, however, prices will probably decline more than usual from their summer highs and will be lower than at the same time of 1953. This will begin the period of adjustment of hog prices from their higher levels of this year. It does not appear, though, that hog prices will be greatly depressed during any of 1954, and prospects appear favorable for good returns from raising hogs for marketing throughout the year.

It is difficult to foresee what the trend will be after 1954. This depends to an extent upon the form or level of price supports on corn. The present law, with price supports at 90 percent of parity, extends through the 1954 crop. Even with the present price supports for corn, hog producers may significantly expand this year and bring sharply reduced prices by 1955. It is not expected, however, that 1955 hog production will reach the 1951 level of 102 million pigs.

One difficulty of estimating the 1954 and 1955 production comes from the fact that hog producers are not responding to changes in

* *"Reducing Dairy Costs on Michigan Farms,* Michigan Agricultural Experiment Station Bulletin No. 37, East Lansing, Michigan.

the hog-corn price ratio as they once did. Last spring, they reduced farrowings more than the change in the previous hog-corn price ratios indicated. Again this fall, producers apparently reduced farrowings in spite of the favorable hog-corn price ratios at breeding time. Certainty of income from corn in storage under the support program as compared with uncertainty of income from corn marketed through hogs probably was one factor influencing the farmers' decisions. Much of this uncertainty undoubtedly concerned the future demand and price of pork—especially in the light of drastically lower beef prices.—*Howard S. Whitney.*

POULTRY

The current market is absorbing present marketings of eggs, hens, broilers, and fryers at about the same prices as for the last three months. This same price level will likely continue for the first quarter of 1954, provided current offerings on the market are not increased. However, producers should be cautious in planning expansion in physical plant and output to secure more income. Rather, attention should be directed to economies that can be secured with the present size of flock or physical plant.

Present support prices and marketing quotas on basic commodities will release acreage for the production of commodities which are not price supported. In Oklahoma, much of this released acreage can go into feed crops. Thus expectations are for a considerable increase in feed acreage, which will encourage an expansion of feed-consuming enterprises. Lower feed cost would permit greater profits at existing prices for poultry products, but these profits would quickly vanish if the lower costs encouraged any appreciable expansion in production. Thus individual producers must reckon with the possibility of lower poultry product prices if conditions exist which are favorable toward expansion on the basis of generally lower feed costs.

Turkey prices in October and November 1953 were about the same as in the same months of 1952, due to large storage holdings of frozen turkey from the 1952 crop. However, even at current price levels the producers are finding profits greater than in 1952 because of the lower feed prices. As a result, the incentive has been provided for an increase in the 1954 supply of live birds. In order to keep the enterprise profitable for 1954, an abundant source of cheap feed should be assured before expanding production beyond present levels.—*K. C. Davis.*

SHEEP, LAMBS, AND WOOL

Sheep and Lambs.—A small decrease in inventories of sheep and lambs on January 1, 1954 is in prospect. The output of lamb and mutton will be reduced moderately next year and prices are not likely to change much. Lamb prices may remain slightly above the average relationship to cattle prices.

The number of sheep and lambs on farms in the United States dropped below 30 million head on January 1, 1948 for the first time since records were kept—1867—and has remained near or below that figure since. The 50 years prior to 1948 show an average January 1 inventory of nearly 41 million head on farms.

Experts see little prospect for an increase in sheep and lamb production in the next few years and the farmer who has the skill and facilities for lamb production should be in a favorable position for making money in this enterprise. A flock of sheep is an acceptable sideline enterprise on many farms; in fact, sheep will produce more dollars than will cattle on some pastures and ranges in the south and west.

Wool.—The world supply of wool for the 1953-54 season is expected to be about the same as the 1952-53 season. However, U. S. production probably will be lower in view of the anticipated reduction in sheep numbers.

Since world consumption of wool is expected to remain at about present levels, no significant changes in world prices are expected. U. S. wool prices will be determined primarily by price support activity. The 1949 Act provides that the price of wool be supported at such a level between 60 and 90 percent of parity as to encourage an annual production of around 360 million pounds of shorn wool. Production of wool in the U. S. has been below 300 million pounds for the past six years. The average of prices received by farmers for wool in June, July, August, and September was 53.8 cents or about 92 percent of parity. The average for the same months a year earlier was about 88 percent of parity.

Per capita consumption of wool in the U. S. this year is not far from the historical average, but more and more of this consumption has been foreign wools. Moreover, the output of man-made fibers which compete with wool is increasing steadily. Producers of these man-made fibers plan on increasing their capacity by late 1954 to 3.5 times the 1952 capacity. As production increases prices are likely to fall, thus causing even stronger competition for wool. The rate of future increases in the consumption of man-made fibers will depend on relative prices and consumer preferences. Producers of artificial fibers are doing much to build consumer preference for those fibers through extensive advertising campaigns.—*L. A. Parcher.*

Table 1.—Prices Received by Farmers for Oklahoma Farm Products. (Dollars)

		Wheat	Corn	Oats	Barley	Rye	Grain sorghum	Cotton-lint	Cotton seed	White potatoes	Sweet potatoes	Soybeans	Peanuts	Alfalfa seed
1951		2.19	1.58	.95	1.32	1.58	1.23	.381	87.42	1.75	2.52	2.78	.099	26.84
1952		2.17	1.79	.97	1.40	1.76	1.51	.336	70.50	2.70	3.66	2.65	.094	24.26
1952	Nov.	2.20	1.71	.98	1.45	1.85	1.60	.300	71.00	2.75	4.00	2.52	.111	16.68
	Dec.	2.19	1.68	.97	1.42	1.77	1.60	.290	70.00	2.55	3.85	2.52	.113	15.60
1953	Jan.	2.15	1.66	.97	1.42	1.67	1.57	.280	69.00	2.50	4.25	2.45	.114	16.02
	Feb.	2.10	1.57	.94	1.35	1.65	1.51	.277	69.00	2.40	4.00	2.45	.114	16.20
	Mar	2.14	1.59	.94	1.40	1.65	1.51	.284	68.00	2.30	3.70	2.60	.114	16.32
	Apr.	2.12	1.56	.90	1.30	1.60	1.43	.290	68.00	2.10	3.40	2.25	.114	16.20
	May	2.09	1.59	.87	1.27	1.55	1.37	.293	66.00	1.90	3.40	2.55	.114	16.02
	June	1.86	1.59	.74	1.10	1.40	1.34	.290	64.00	1.50	3.40	2.50	.114	14.70
	July	1.87	1.60	.72	1.09	1.26	1.37	.295	61.00	1.35	3.40	2.45	.114	14.10
	Aug.	1.97	1.58	.77	1.14	1.22	1.37	.295	56.00	1.35	3.40	2.40	.114	14.16
	Sept.	2.03	1.47	.82	1.22	1.35	1.23	.304	52.00	1.35	2.95	2.27	.110	14.70
	Oct.	2.06	1.43	.83	1.21	1.40	1.18	.304	52.00	1.35	2.65	2.20	.112	13.50
	Nov.	2.12	1.41	.85	1.23	1.46	1.20	.284	50.00	1.40	2.70	2.25	.108	12.00

		All hay	Alfalfa hay	Prairie hay	Cattle	Calves	Sheep	Lambs	Hogs	Wholesale milk	Butterfat	All chickens	Eggs	Turkeys
1951		23.12	29.58	15.28	26.95	31.08	15.76	31.11	20.25	4.99	.64	.227	.416	.306
1952		30.09	37.71	23.71	22.96	25.99	9.91	24.62	18.22	5.43*	.67	.223	.364	.288
1952	Nov.	37.00	45.00	28.50	18.00	19.20	7.00	19.80	16.80	6.10*	.64	.215	.474	.320
	Dec.	37.80	46.00	30.00	17.60	19.00	6.80	18.50	16.20	5.95	.63	.212	.503	.320
1953	Jan.	38.30	46.50	30.00	17.70	20.00	7.30	19.80	18.00	5.45	.62	.215	.447	.300
	Feb.	37.10	45.00	29.50	17.70	19.50	7.50	19.70	19.10	5.00	.60	.229	.380	.280
	Mar.	34.30	41.00	27.50	17.00	19.00	8.50	20.20	20.00	4.80	.60	.244	.395	.280
	Apr.	30.40	30.40	24.00	16.40	18.90	9.00	21.40	20.70	4.35	.59	.233	.400	.260
	May	23.00	26.50	20.00	16.20	18.40	7.50	24.50	22.60	4.00	.58	.233	.417	.250
	June	23.80	28.00	17.00	13.20	15.90	5.00	22.60	22.50	4.00	.57	.209	.366	.250
	July	24.20	29.70	18.80	13.60	15.80	4.80	22.70	25.20	4.30*	.56	.210	.388	.250
	Aug.	22.10	27.20	17.30	13.50	15.60	5.10	20.80	23.20	4.25	.56	.216	.403	.250
	Sept.	20.40	25.40	16.80	12.60	14.30	4.60	18.40	24.00	4.55*	.57	.218	.432	.280
	Oct.	21.20	26.70	16.80	11.30	12.60	5.00	17.20	21.00	4.85	.58	.220	.453	.320
	Nov.	22.30	27.90	18.00	12.30	14.00	4.90	18.20	20.30	5.05	.60	.203	.447	.320

SOURCE: *Prices Received by Farmers*, Bureau of Agricultural Economics, U.S.D.A., Oklahoma City, Oklahoma, Monthly Releases or *Agricultural Prices*, B.A.E., U.S.D.A., Washington, D. C.

* Revised.

Table 2.—Index Numbers of Prices Received by Farmers for Oklahoma Farm Products[1]
(Percent of 1910-14 Average)

		Wheat	Corn	Oats	Barley	Rye	Grain sorghums	Cotton-lint	Cotton-seed	White potatoes	Sweet potatoes	All hay
1951		254	243	212	224	183	181	337	447	158	205	262
1952		252	275	216	237	205	222*	298*	360	243*	297	341
1952	Nov.	256	263	218	246	215	235	265	363	248	325	419
	Dec.	255	258	216	241	206	235	257	358	230	313	428
1953	Jan.	250	255	216	241	194	231	248	352	225	345	434
	Feb.	244	242	209	229	192	222	245	352	216	325	420
	Mar.	249	245	209	238	192	222	251	347	207	301	389
	April	246	240	200	220	187	210	257	347	189	276	345
	May	243	245	193	215	180	201	259	337	171	276	261
	June	216	245	164	187	163	197	257	327	135	276	270
	July	217	246	160	185	147	201	261	312	122	276	274
	Aug.	229	243	171	193	142	201	261	286	122	276	250
	Sept.	236	226	182	207	157	181	269	266	122	240	231
	Oct.	240	220	184	207	163	173	269	266	122	215	240
	Nov.	246	217	189	208	170	176	251	256	126	220	253

		Cattle	Calves	Sheep	Lambs	Hogs	Wholesale milk	Butterfat	All chickens	Eggs
1951		558	521	340	534	288	258	272	241	234
1952		475	435	214	422	259	281*	287	237	204
1952	Nov.	373	322	151	340	239	316*	273	229	266
	Dec.	364	318	146	318	230	308	269	226	282
1953	Jan.	366	335	157	340	256	282	265	229	251
	Feb.	366	327	162	338	271	259	256	244	213
	Mar.	352	318	184	346	284	249	256	260	222
	Apr.	340	316*	194*	367	294	225	252	248	225
	May	335	308	162	420	321	207	248	248	234
	June	273	266	108	388	320	207	244	222	206
	July	282	265	103	389	358	223*	239	22[illegible]	218
	Aug.	280	261	111	357	330	220*	239	230	226
	Sept.	261	240	100	316	241	236*	244	232	243
	Oct.	234	211	108	295	298	251	248	234	254
	Nov.	255	234	105	312	288	262	256	216	251

SOURCE: Compiled by Dept. Agri. Econ., Oklahoma A. & M. College, from data supplied by Bureau of Agricultural Economics, U.S.D.A., Oklahoma City, Oklahoma and Washington, D. C.
For previous years, see Oklahoma Agri. Exp. Sta. Bul. 238, *Oklahoma Farm Price Statistics* and *Current Farm Economics*, Okla. Expt. Sta. series 49, Vol. 13, Nos. 1 and 2, Feb.-Apr., 1940. Tables 16-19, and subsequent issues.

[1] For the index of purchasing power of a unit of an individual commodity in terms of commodities used in farm production and family living, divide the index of price received by Oklahoma farmers (in this table) by the index of prices paid by United States farmers (in Table 4) for the same month and multiply by 100.

* Revised.

Table 3.—Price Indexes of Groups of Oklahoma Farm Products.
(Percent of 1910-14 Average)

		All commodities	Total crops	Grain	Cotton & cottonseed	Misc. crops	Total livestock and L.S. products	Meat animals	Dairy products	Chickens and eggs
1951		334	309	248	348	222	392	482	271	236
1952		305	286	252	304	305	350	414	286*	213
1952	Nov.	282	270	254	276	353	309	333	288*	256
	Dec.	276*	264	252	267	351	306	324	282	267
1953	Jan.	272	258	248	259	358	305	334	271	245
	Feb.	267	254	241	256	345	300	338	257	222
	Mar.	269	257	245	261	321	298	331	254	232
	Apr.	268	258	242	266	288	292	326	243	231
	May	268	256	239	267	238	294	330	234	238
	June	250*	246	217	264	232	261	286	231	210
	July	255	248	218	266	230	273	301	234	219
	Aug.	255	249	227	264	218	268	292	233	227
	Sept.	257*	253	230	269	201	266*	281	241*	240
	Oct.	252	254	232	269	202	250	250	249	249
	Nov.	249	245	237	252	210	258	262	258	242

Purchasing Power Indexes[1] of Groups of Oklahoma Farm Products.
(Percent of 1910-14 Average)

		All commodities	Total crops	Grain	Cotton & cottonseed	Misc. crops	Total livestock and L.S. products	Meat animals	Dairy products	Chickens and eggs
1951		117	109	87	122	78	138	169	95	83
1952		106	99	87	105	106	122	143	99	74
1952	Nov.	98	94	88	96	123	108	116	100	89
	Dec.	96	92	88	93	122	107	113	98	93
1953	Jan.	95	90	87	91	126	107	117	95	86
	Feb.	95	90	85	91	122	106	120	91	79
	Mar.	95	90	86	92	113	105	116	89	82
	Apr.	94	90	85	93	101	102	114	85	81
	May	94	90	84	94	84	104	116	82	84
	June	88	87	76	93	82	92	101	81	74
	July	89	87	76	93	81	96	106	82*	77
	Aug.	89	87	79	92	76	94	102	81	79
	Sept.	90	89	81	95	71	94	99	85*	84*
	Oct.	89	90	82	95	72	89	89	88	88
	Nov.	88	86	84	89	74	91	92	91	86

SOURCE: Compiled by Dept. Agri. Econ., Okla. A. and M. College, from data supplied by Bureau of Agricultural Economics, U.S.D.A., Oklahoma City, Oklahoma, and Washington, D. C.

[1] The ratio of prices received by farmers to prices paid by farmers for commodities used in farm living and production. For individual commodities see footnote 1 of Table 2.

* Revised.

Table 4.—Index Numbers in the United States, Index of Demand Deposits in Oklahoma, and Oklahoma Price Ratios.

		United States index numbers of:				Index of demand deposits in Oklahoma[2 3] (1923-25=100)	Oklahoma price ratios[4]			
		Prices received by farmers (1910-14=100)	Prices paid by farmers (1910-14=100)	Wholesale prices (1910-14=100)	Factory payrolls[1] (1947-49=100)		Hog corn	Egg feed	Turkey feed	Milk feed
1948		287	264	241	105.1	353.3	12.69	10.5	8.7	1.343
1949		251	253	226	97.2	347.4	14.97	12.0	9.9	1.569
1950		256	261	236	111.7	346.8	14.21	9.4	7.6	1.442
1951		302	284	262	129.6	273.1	12.82	10.8	8.0	1.509
1952		288	288	250*	135.3	293.2	10.20	8.9	7.0	1.505
1952	Nov.	277	287	248	146.3	305.7	9.82	11.6	7.8	1.723*
	Dec.	269	287	246	150.9	292.1	9.64	12.4	7.9	1.705
1953	Jan.	267	285	246	148.4	300.4	10.84	11.1	7.5	1.582
	Feb.	263	282	246	149.3*	291.7	12.16	9.7	7.2	1.514
	Mar.	264	284	248	151.9	287.5	12.58	10.1	7.1	1.446
	Apr.	259	285	246	150.0*	285.9	13.27	10.4	6.8	1.344
	May	261	284	247	149.9*	279.7	14.21	11.0	6.6	1.254
	June	259	284	246	150.8	282.1	14.15	10.1	6.9	1.335
	July	259	285	248	149.1	291.9	15.75	10.7	6.9	1.479
	Aug.	258	286	249*	151.7	289.2	14.68	11.0	6.8	1.513
	Sept.	256	284*	249		286.7	16.33	12.0	7.8	1.633*
	Oct.	250	282	247		289.5	14.68	12.7	9.0	1.777
	Nov.	249	283	247			14.40	12.6	9.0	1.825

SOURCE: Indexes of U. S. prices received and prices paid by farmers and indexes of U. S. wholesale prices, from *Agricultural Prices*, Bur. of Agri. Econ., U.S.D.A., Washington, D. C. Indexes of demand deposits in Oklahoma, calculated by Dept. Agri. Econ., Okla. Agri. Exp. Sta. from data furnished by Federal Reserve Board, Washington, D. C. Indexes of factory payrolls, from U. S. Department of Labor, Bureau of Labor Statistics, Washington, D. C.

[1] Unadjusted for seasonal variation.

[2] Demand deposits of Oklahoma member banks of the Federal Reserve System located in places under 15,000 population.

[3] Index numbers based on net demand deposits prior to 1936 and upon gross demand deposits since that date. For a discussion of this index see CURRENT FARM ECONOMICS, Oklahoma Agricultural Experiment Station Series 49, Vol. 13, Nos. 1 and 2. Feb.-Apr., 1940. p. 41.

[4] The number of bushels of corn or pounds of feed which one unit of the commodity (100 pounds of hogs, one dozen eggs, one pound of turkeys or milk) will purchase. Prices used are the official B.A.E. estimates of prices received by Oklahoma farmers except for commercial feeds or ingredients which are official B.A.E. estimates of prices paid by Oklahoma farmers. These ratios are computed on the basis of fixed rations and are not directly comparable with ratios computed from other rations. The composition of each ration used is available upon request.

* Revised.